



# REGIONAL SEWER WORKSHOP

March 29, 2021 – Item 1.A.

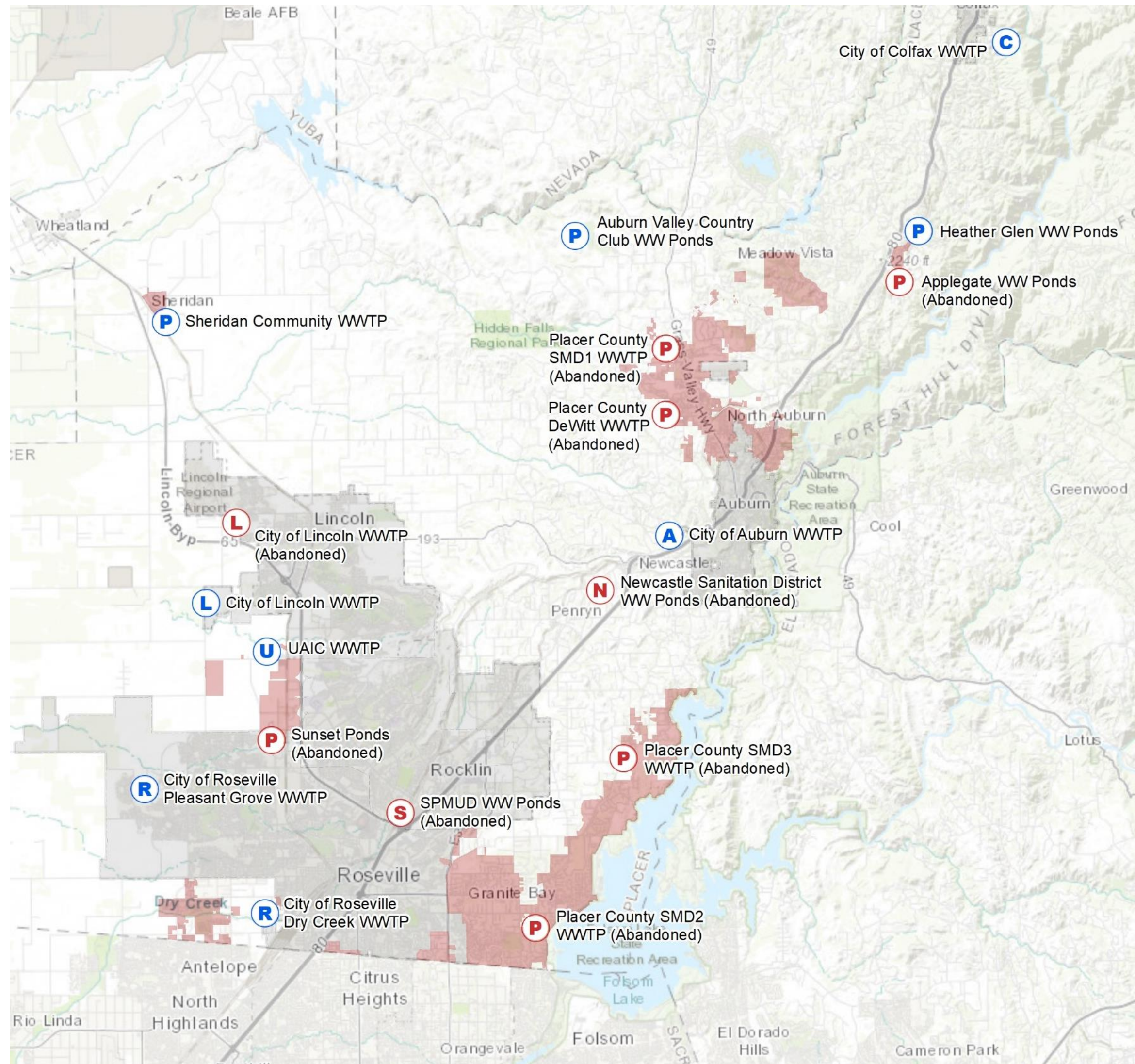


# WORKSHOP PRESENTATION

- **Background**
- **Current Status**
- **Moving Forward**



# PLACER COUNTY WASTEWATER TREATMENT



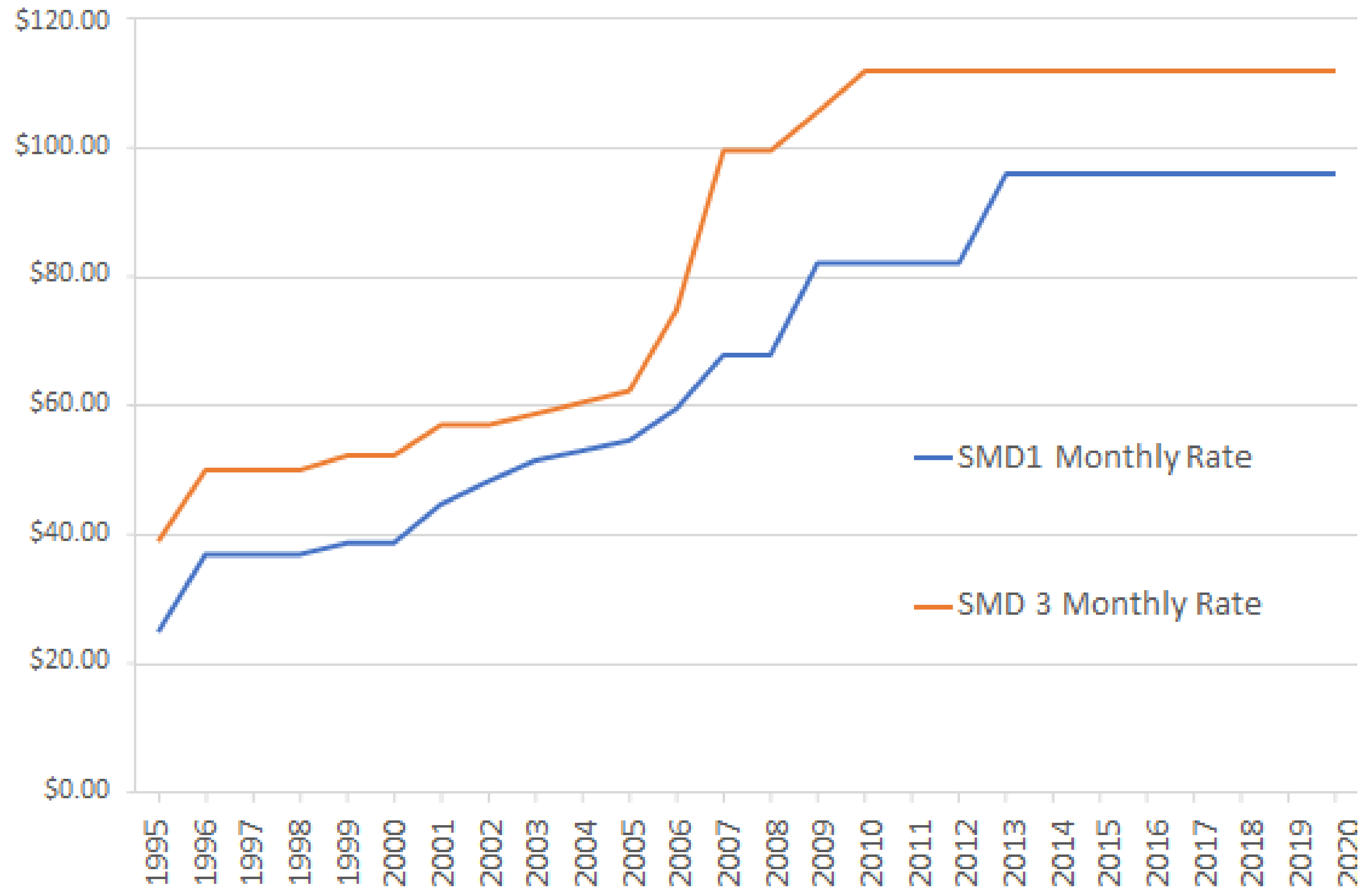


# PRESSURE POINTS

- **Increasing Treatment Requirements**
- **Aging Treatment Infrastructure**
- **Increasing Costs & Small Districts**
- **Water Reuse / Recycled Water**

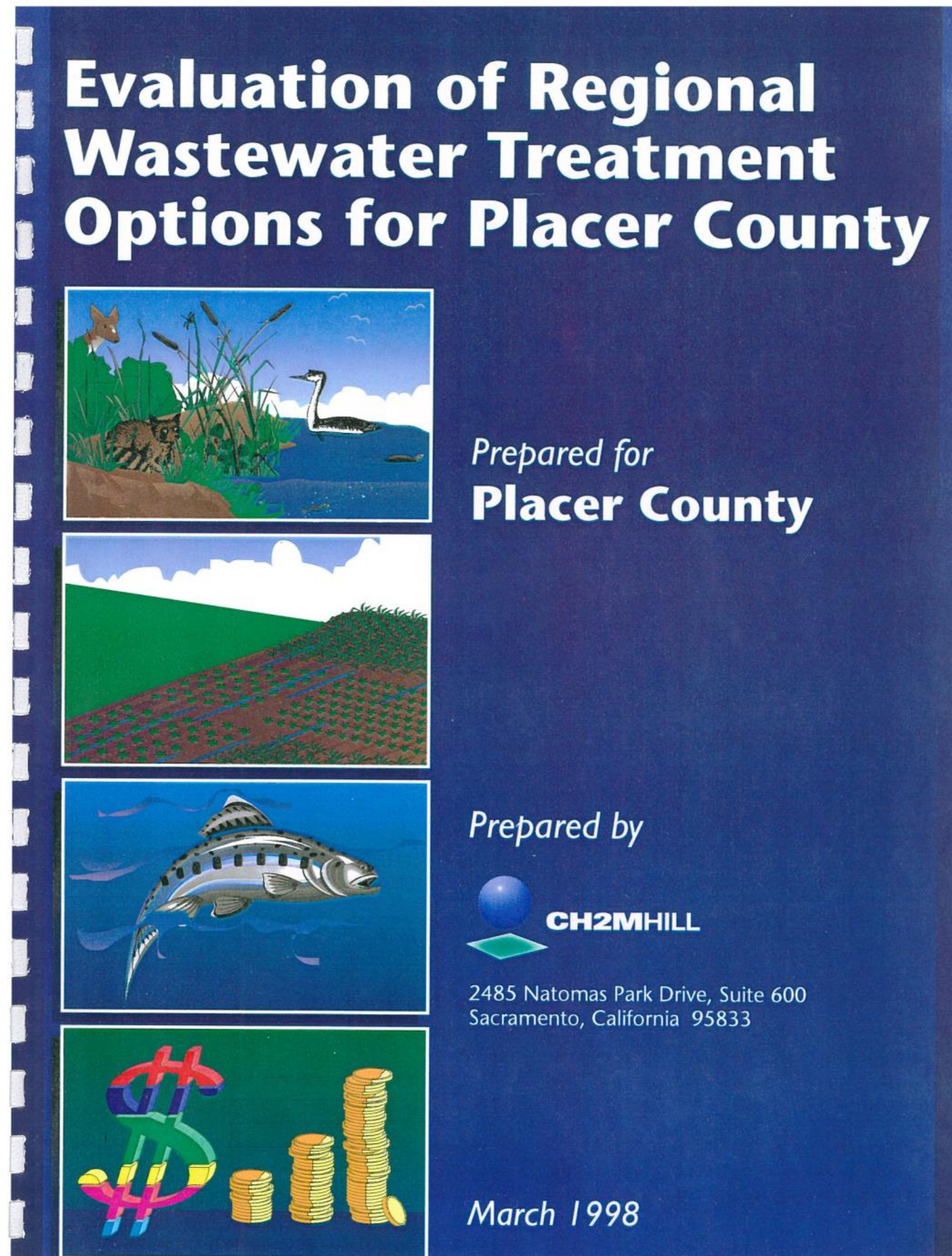


# SMD 1 & 3 SEWER SERVICE CHARGES





# REGIONAL WASTEWATER OPTIONS EVALUATION

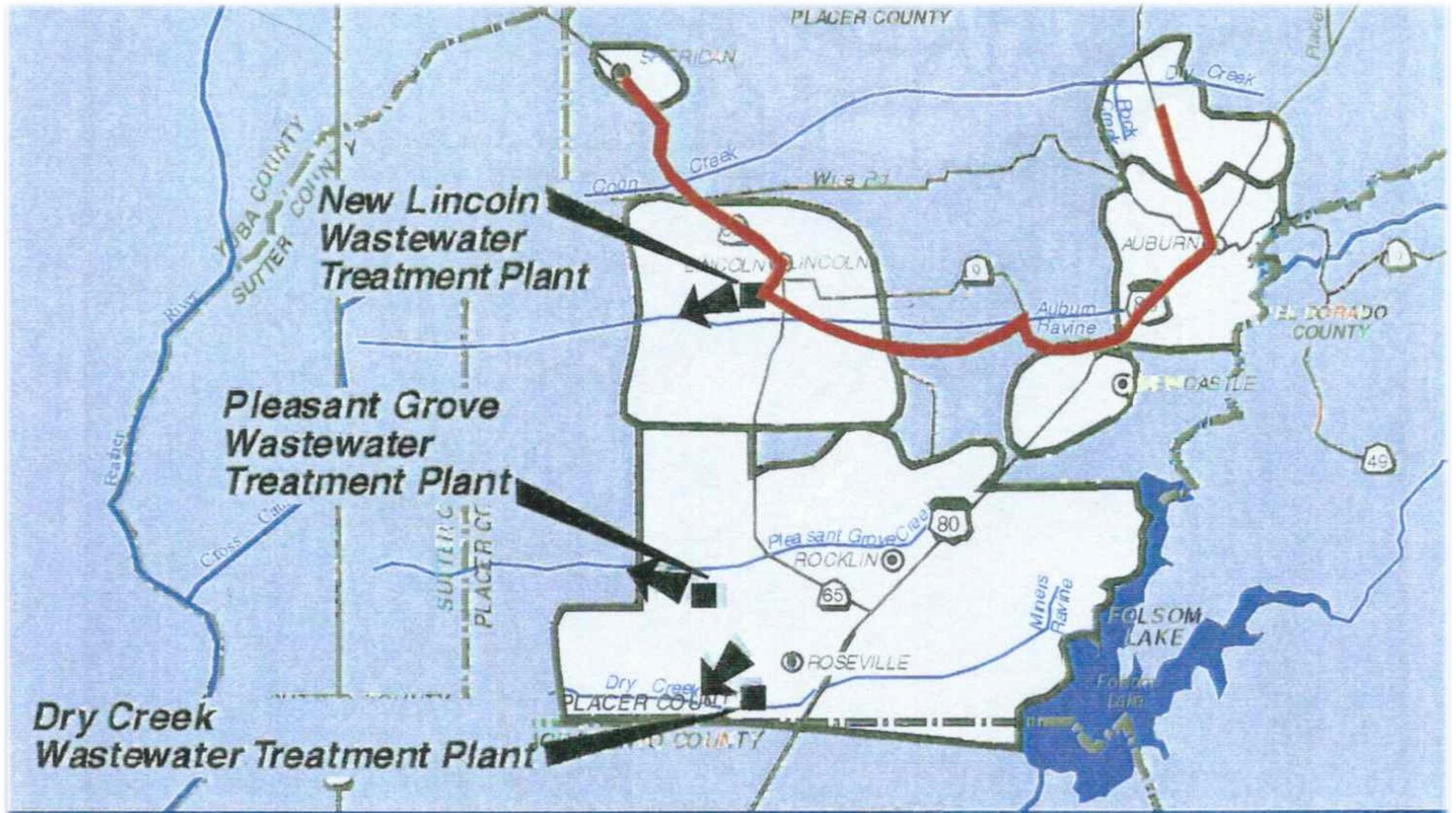


## Regional Goals

- Consolidate Treatment at Modern Facilities
- Remove Discharge from Local Streams & Eliminate Discharge Permits
- Stabilize Sewer Service Charges
- Provide Reclaimed Water in South Placer

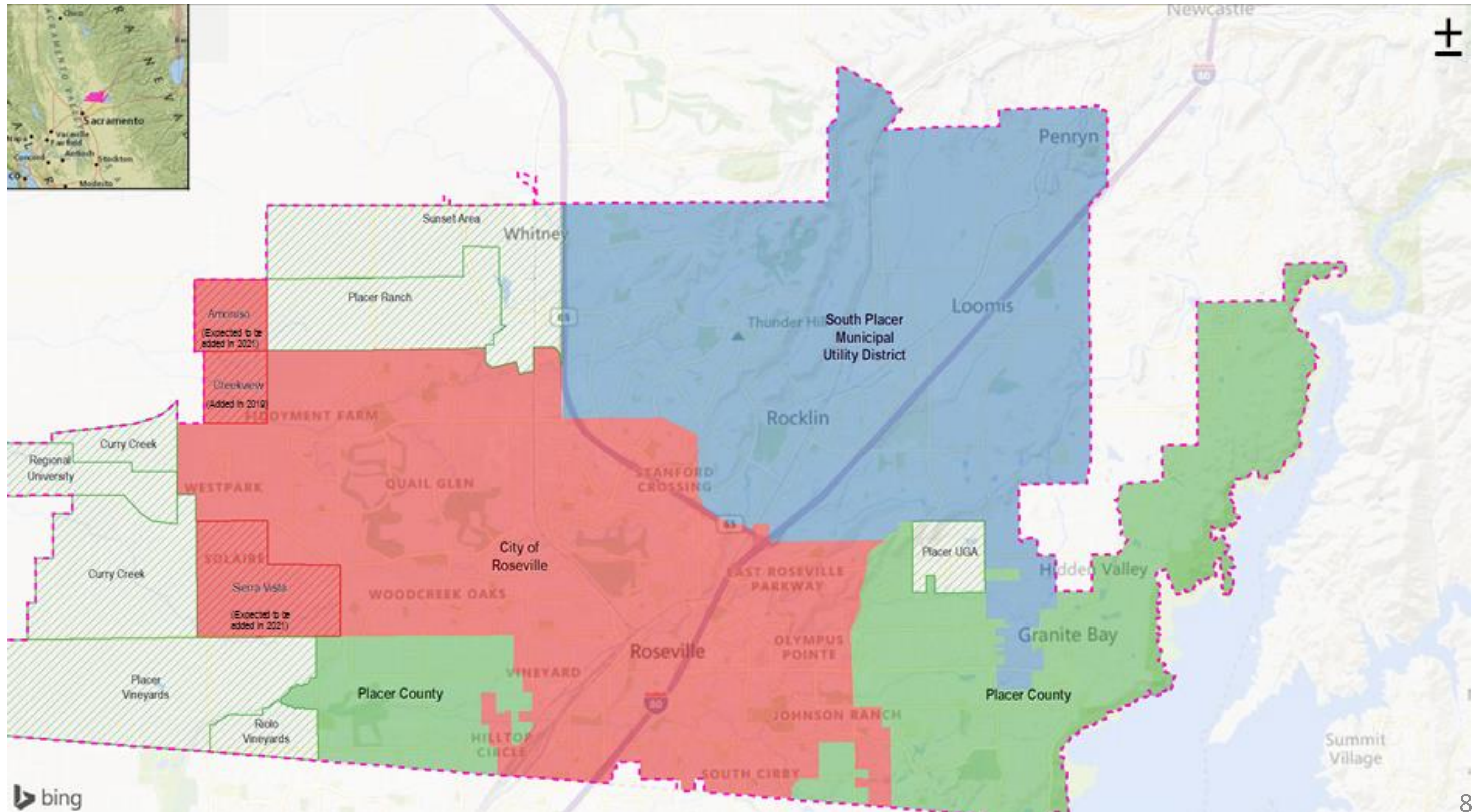


# REGIONAL WASTEWATER SUBREGIONAL OPTION



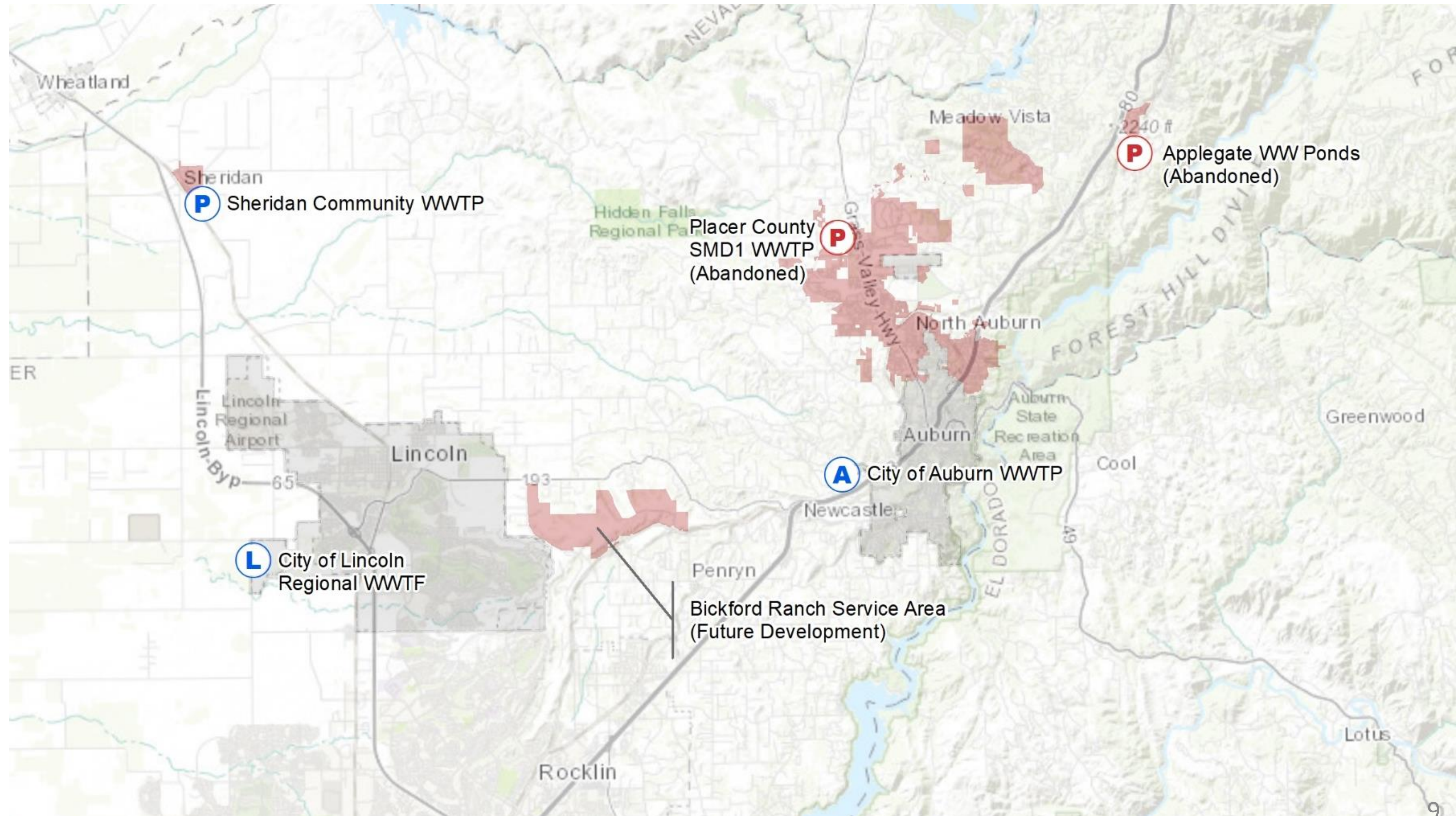


# SOUTH PLACER WASTEWATER AUTHORITY





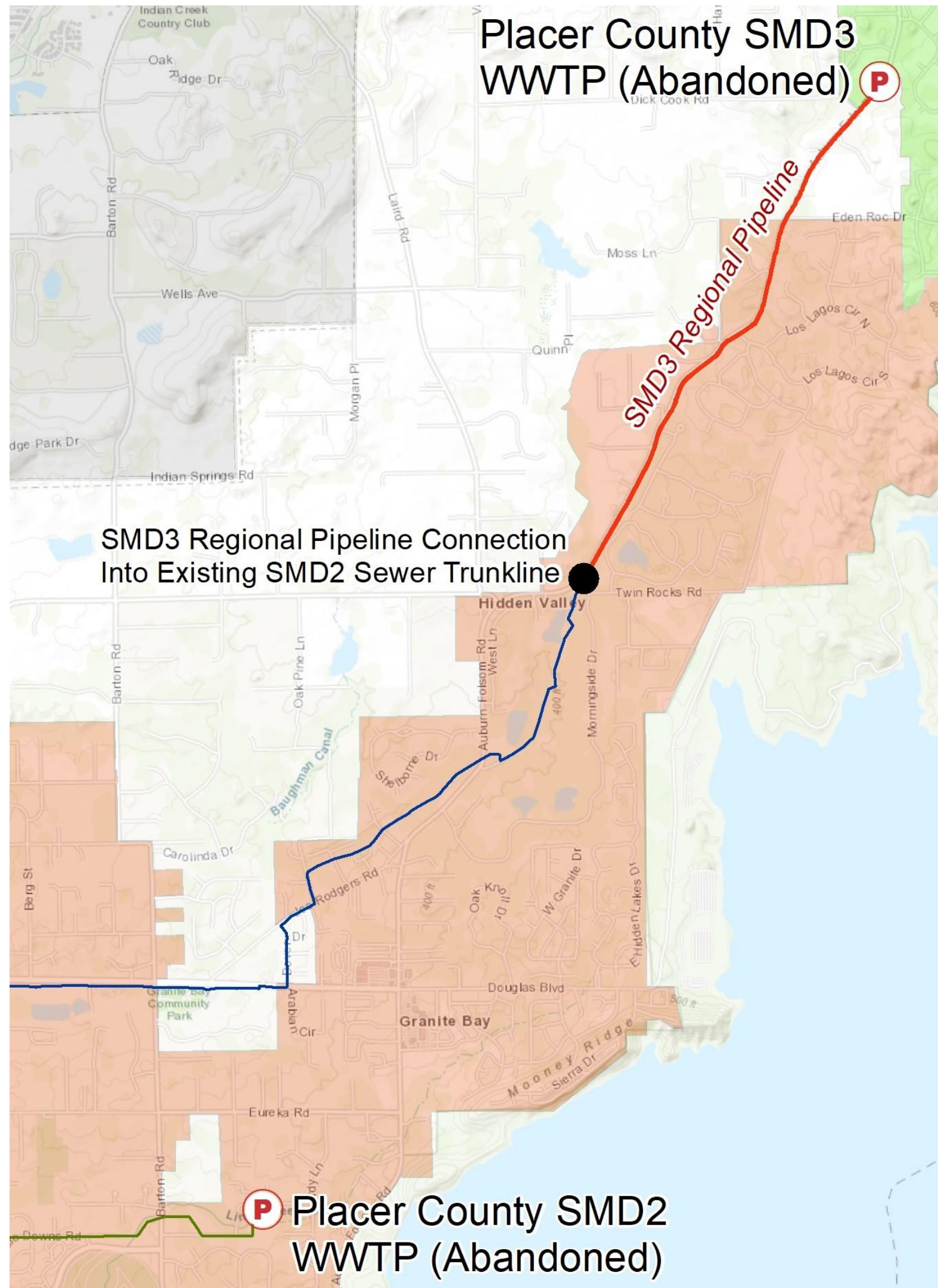
# PLACER NEVADA WASTEWATER AUTHORITY





# SEWER MAINTENANCE DISTRICT 3

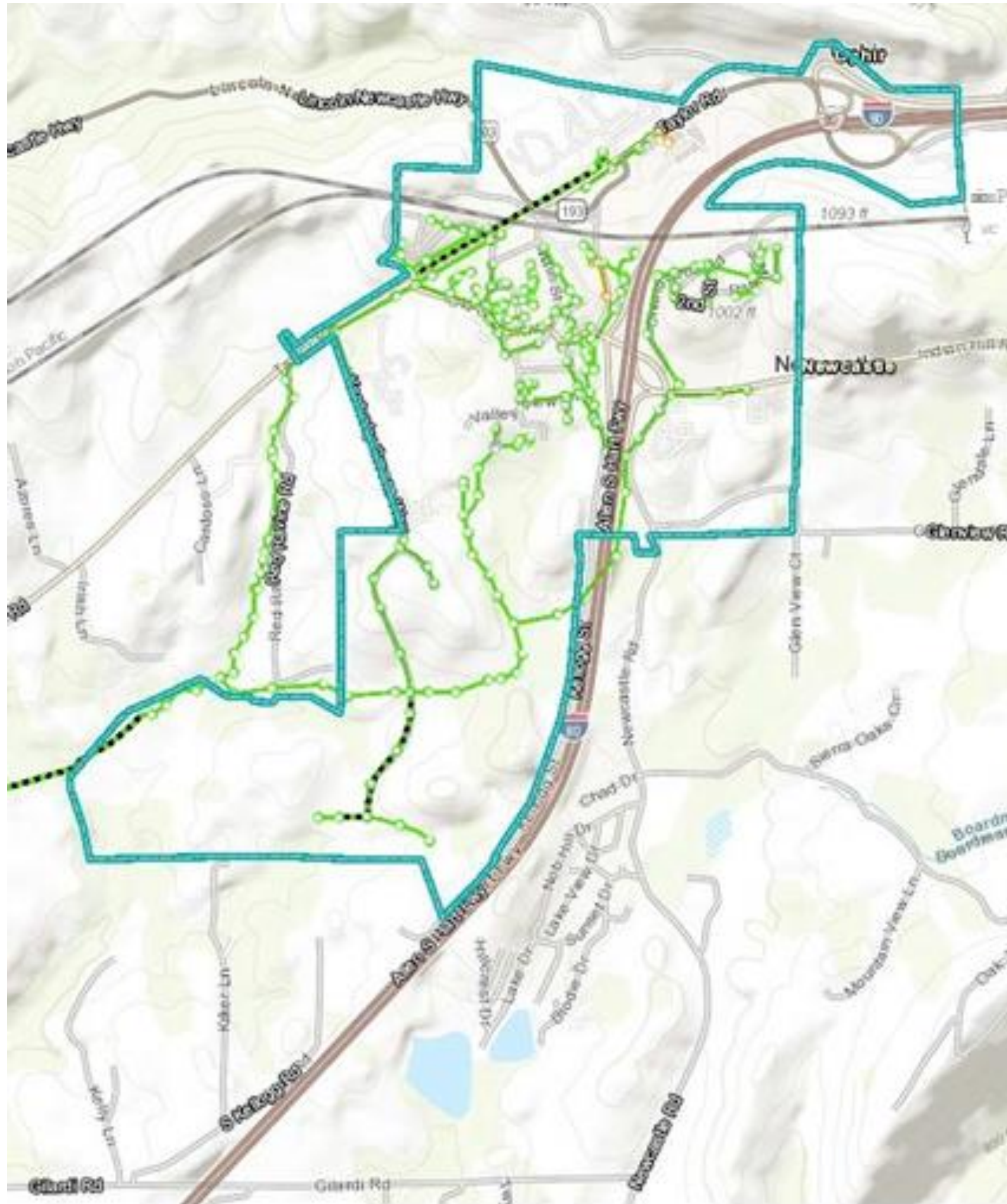
## HORSESHOE BAR



- **Project Description**
  - Abandon outdated, non-compliant WWTP discharging to Miner's Ravine
  - Serving 616 EDUs
  - Construct a pump station
  - Construct 13,000 feet of pipeline to the SMD 2 (Granite Bay) collection system
  - Treatment provided by the regional plant in Roseville
- **Total Project Cost - \$13.86M**
  - EWDDA Grant - \$3.85M
  - SRF Loan - \$9.2M
  - General Fund - \$0.9M
- **April 2013 - Start Construction**
- **December 2014 – Cease Discharge**
- **Sewer Service Charges - \$111.72/EDU/mo**



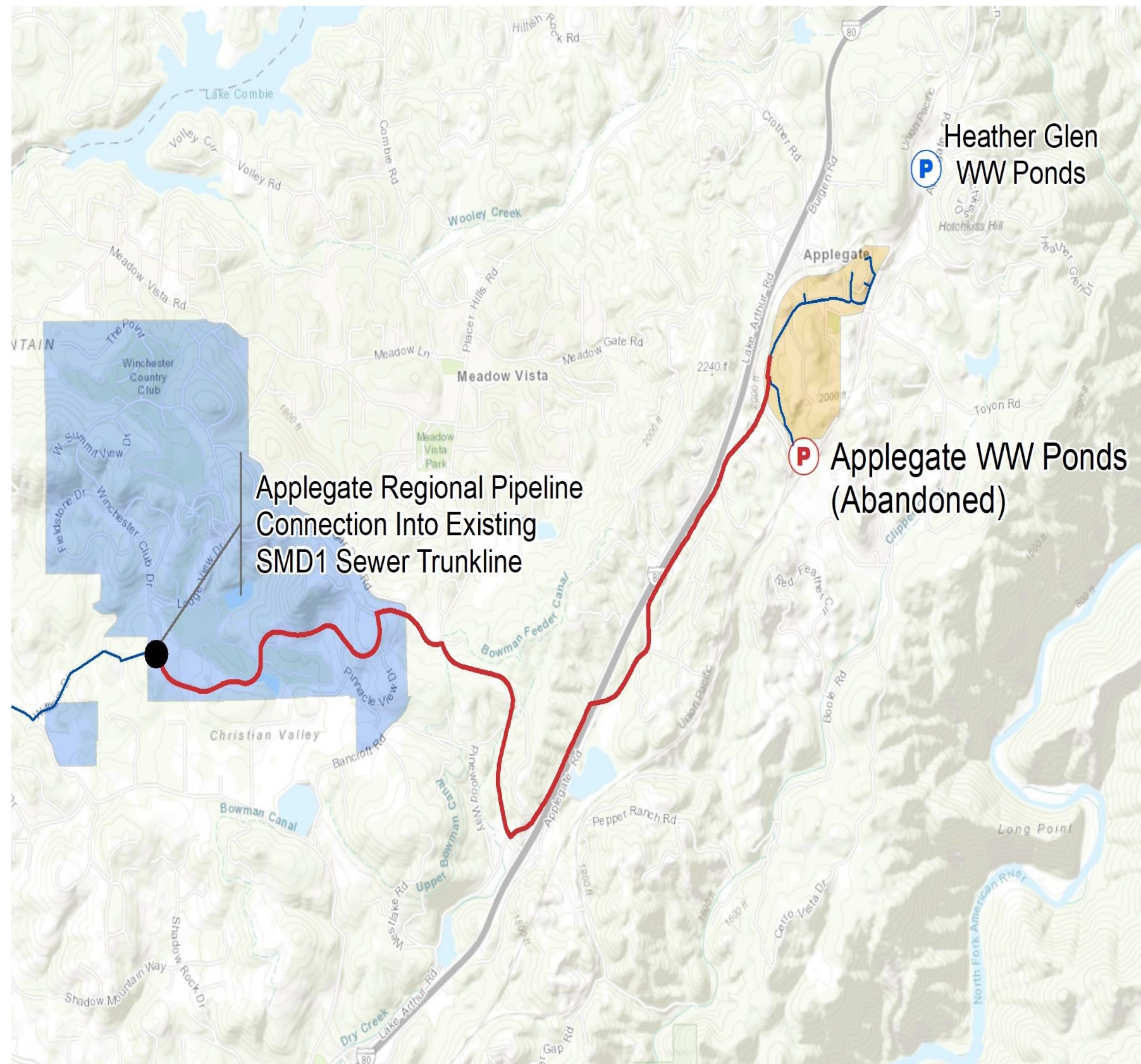
# NEWCASTLE SANITARY DISTRICT



- **Project Description**
  - Abandon outdated, non-compliant treatment pond and irrigation disposal system
  - Serving 310 EDUs
  - Construct a pump station
  - Construct 8,000 feet of pipeline to the SPMUD collection system
  - Treatment provided by the regional plant in Roseville
- **Total Project Cost - \$7.6M**
  - EPA Grant - \$1.6M
  - SPMUD Loan - \$6M
- **2013 - Construction Complete**
- **Sewer Service Charges - \$90.00/EDU/mo**



# APPLEGATE TREATMENT PONDS



- **Project Description**
  - Abandon outdated, non-compliant treatment pond system
  - Serving 30 EDUs
  - Construct a pump station
  - Construct 29,000 feet of pipeline to the SMD 1 collection system
  - Treatment provided by SMD 1 WWTP
- **Total Project Cost - \$6.6M**
  - EPA Grant - \$3.5M
  - General Fund – \$3.1M
- **April 2013 - Construction Complete**
- **Sewer Service Charges - \$95.78/EDU/mo**



# SHERIDAN TREATMENT PONDS AND SPRAY IRRIGATION



- **Project Description**
  - Expand sprayfields for disposal of treated water to pastureland by 5.54 acres
  - Construct improvements to the WWTP
  - Serving 211 EDUs
- **Total Project Cost - \$2.2M**
  - SWRCB Grant - \$1.6M
  - General Fund – \$0.6M
- **November 2009 - Start Construction**
- **October 2010 – Finish Construction**
- **Sewer Service Charges - \$98.25/EDU/mo**



# FEDERAL FUNDING SUMMARY

Project	Total Cost (including financing)	Federal Funds
Newcastle SD	\$7.6M \$1.6M from EPA \$6M Loan from SPMUD	\$1.6M EPA
Applegate	\$6.6M GF Contribution: \$3.1M	\$3.5M EPA
SMD 1	\$77M Loan Amt \$71M (less \$6m principal forgiveness)	\$6M SRF Principal Forgiveness
SMD 3	\$13.86M SRF Loan: \$9.2M EWDAA Grant: \$3.85M General Fund: \$0.9M	\$3.85M Energy & Water Development Appropriations Act (EWDAA) – via USACE
Sheridan Sprayfields Project	\$2.2M SWRCB Grant: \$1.6M GF Contribution: \$0.6M	\$1.6M – Grant State Water Resources Control Board



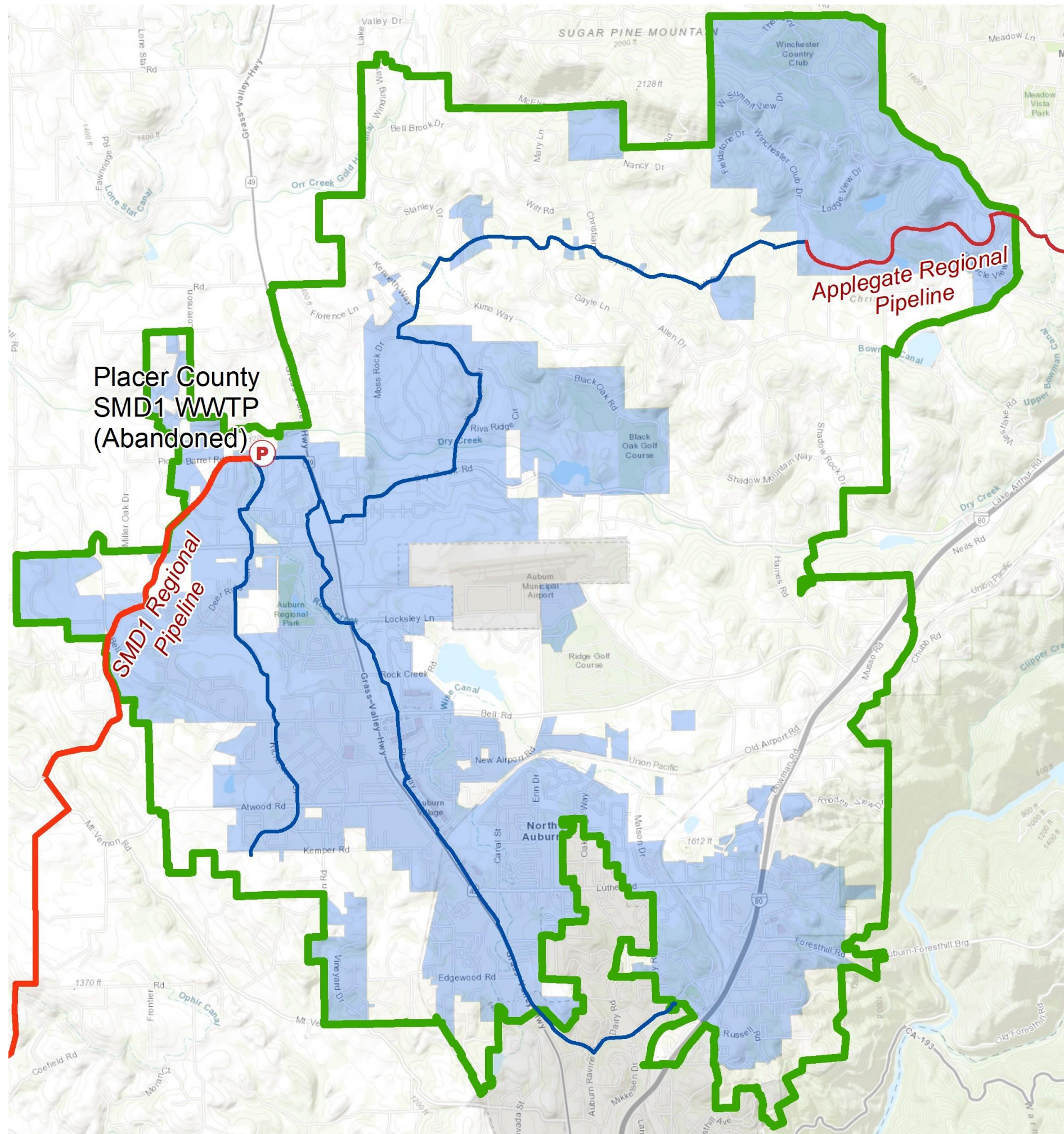


# QUESTIONS?



# SEWER MAINTENANCE DISTRICT 1

## NORTH AUBURN



- 8,241 Existing connected EDUs
  - 5,505 Residential EDUs
  - 2,393 Commercial EDUs
  - 343 Industrial EDUs
- Service Area designated as Disadvantaged Community (DAC) by State Water Board
- 1,334 EDUs entitled but not connected (approx. 0.3 MGD)
- Approx. 20,000 EDUs at Buildout (approx. 4.2 MGD)

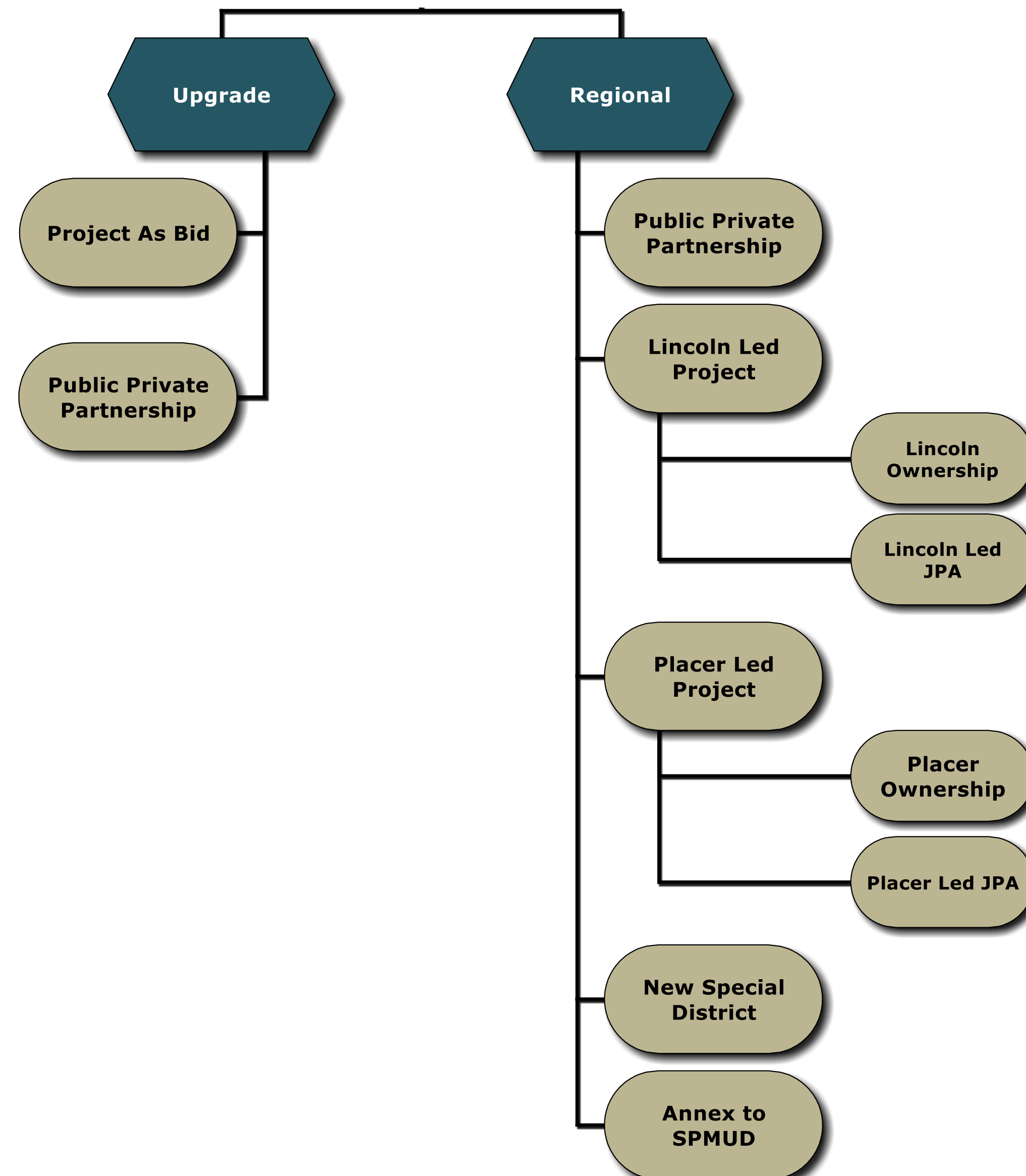


# PLANT 1 (SMD 1) 2013



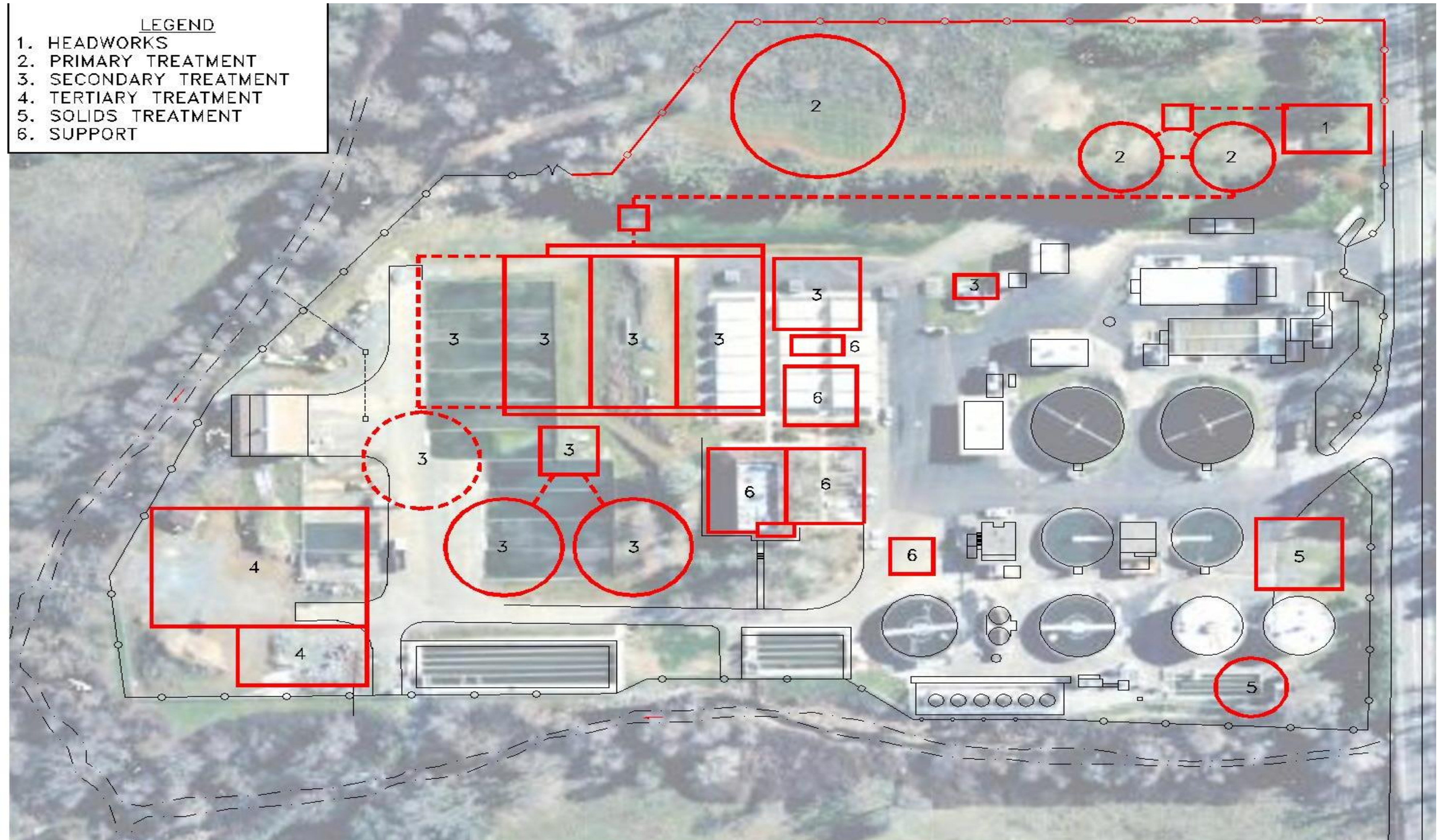


# SMD 1 COMPLIANCE ALTERNATIVES





# PLANT 1 UPGRADE PROJECT





# PUBLIC PRIVATE PARTNERSHIP UPGRADE OPTION

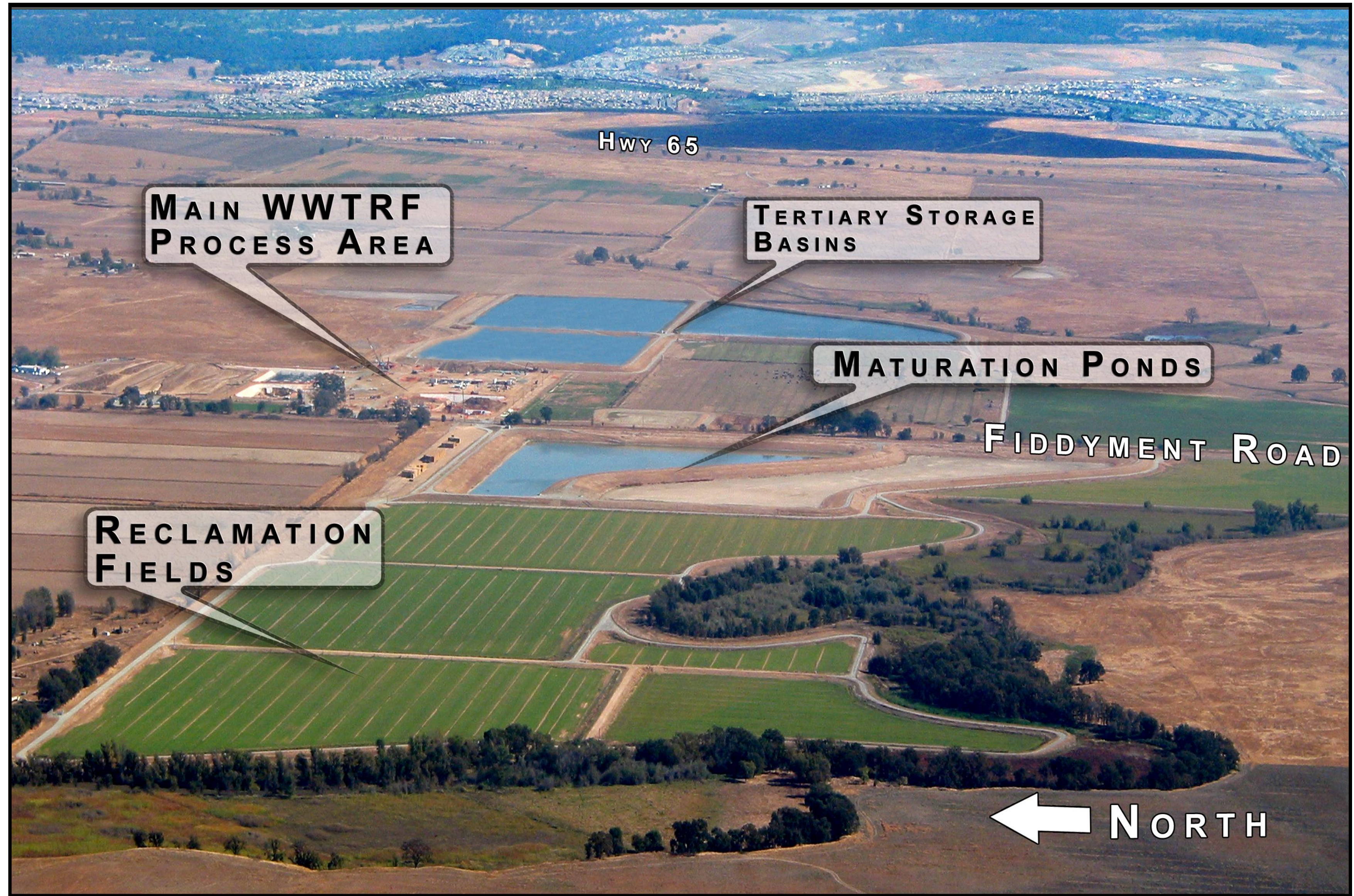
## PERC WATER PROPOSAL

- **Aug 2011** – Unsolicited proposal to design, build, operate, and finance 2.7 MGD WWTP
- Significant delay to pursue due to the need to open a new competitive procurement process to consider design, build, operate



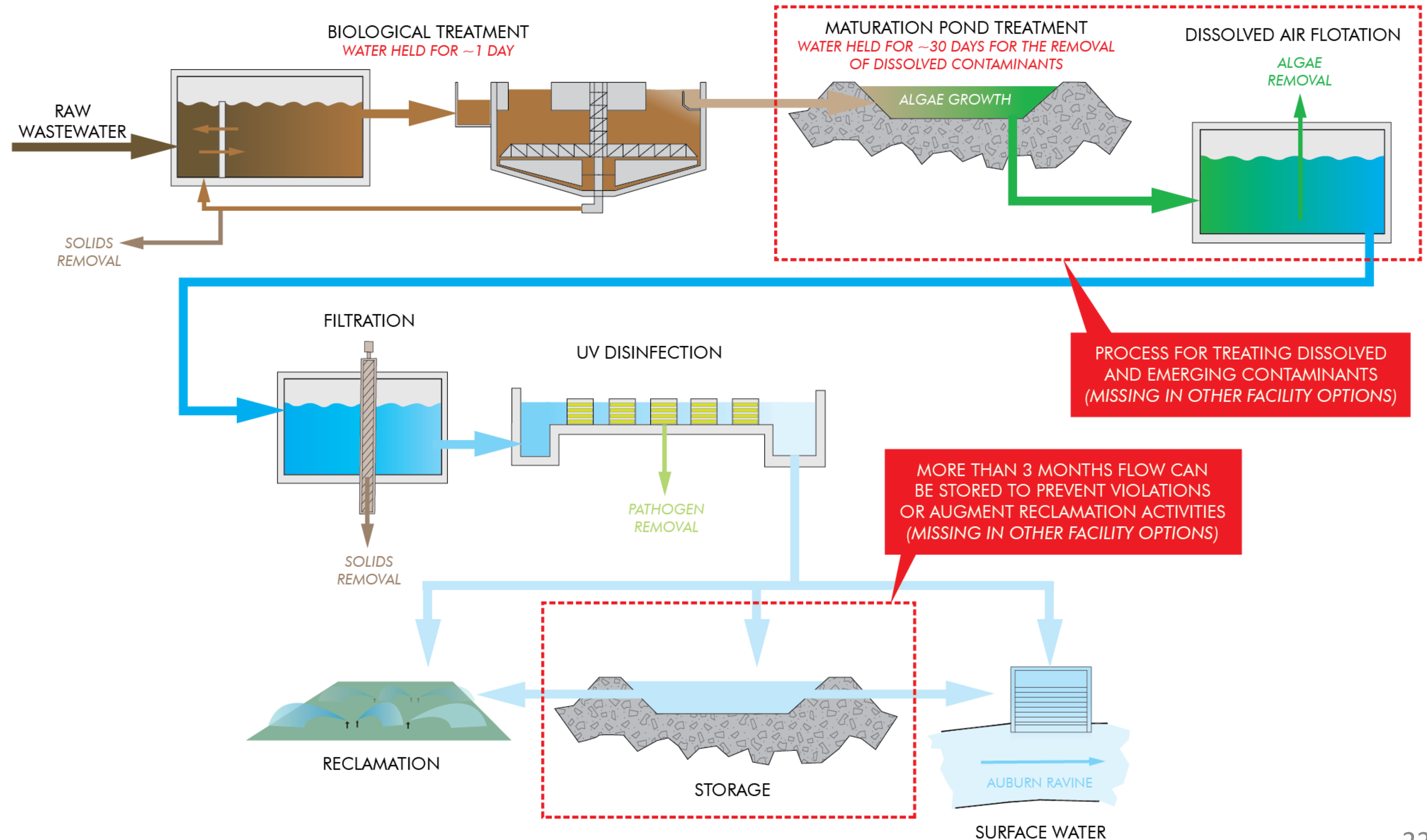


# LINCOLN WASTEWATER TREATMENT AND RECLAMATION FACILITY





# LINCOLN WASTEWATER TREATMENT AND RECLAMATION FACILITY PROCESS





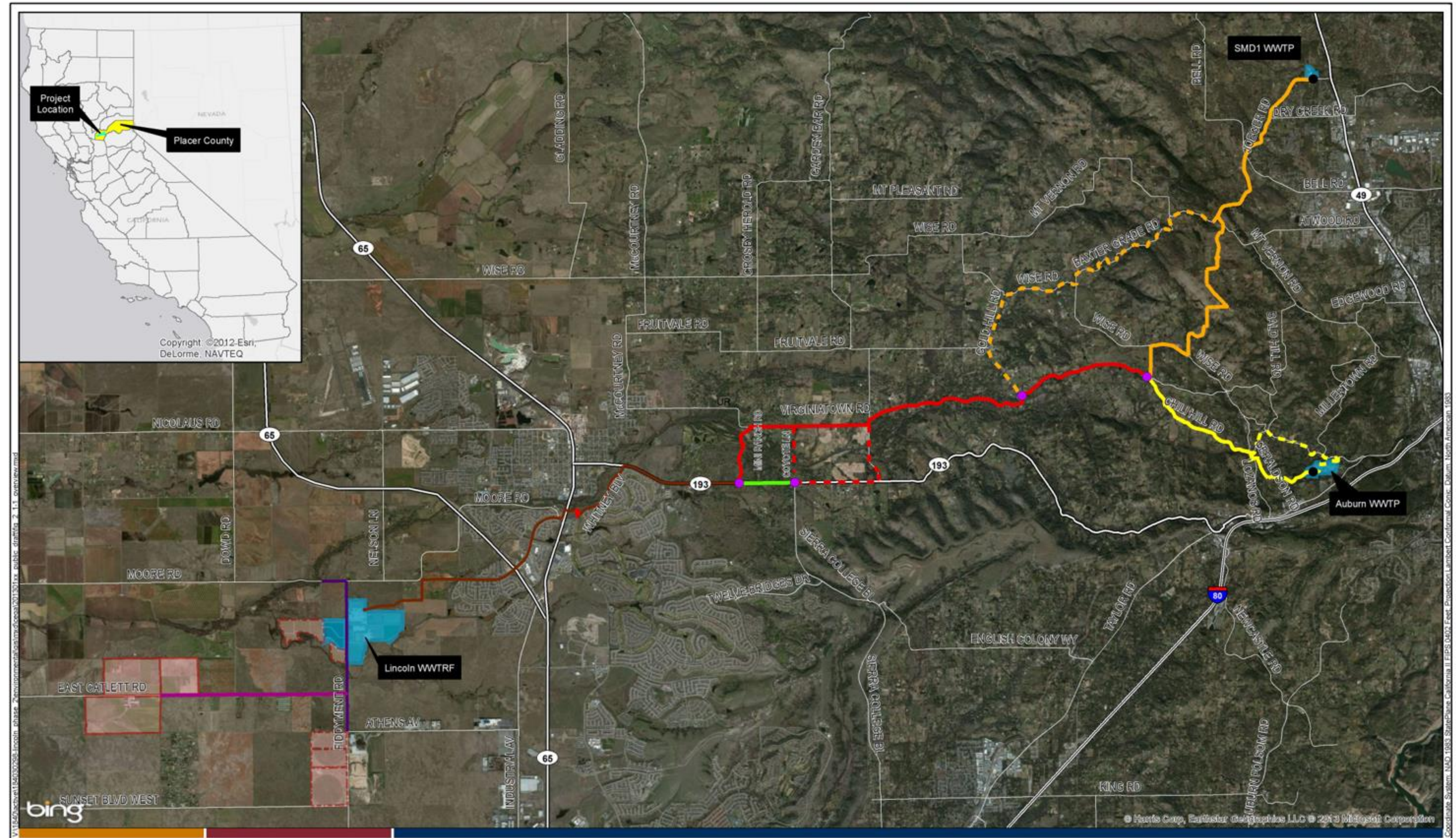
# LINCOLN WWTRF

## 2004



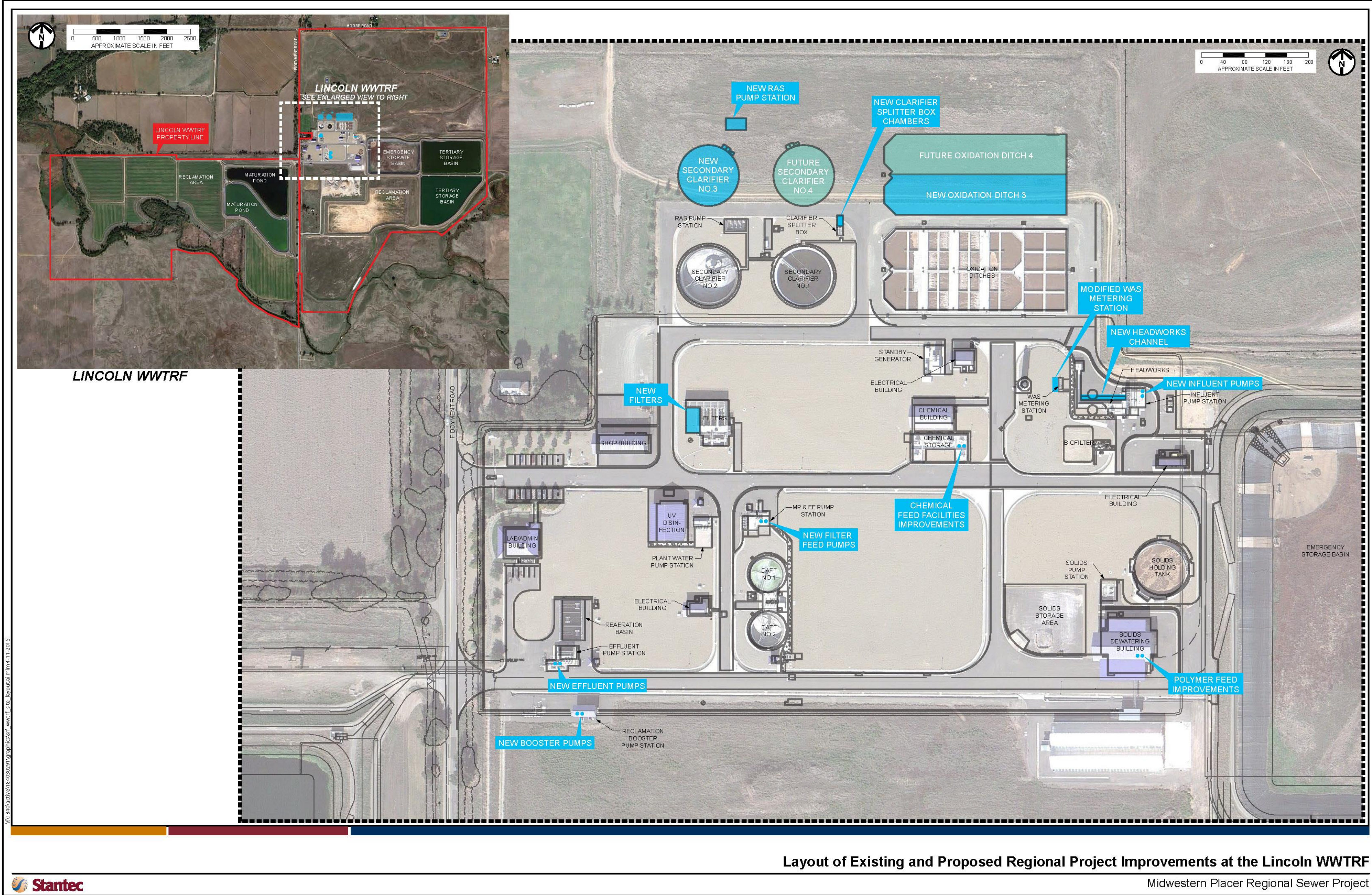


# SMD 1 REGIONAL PROJECT





# SMD 1 REGIONAL EXPANSION



Layout of Existing and Proposed Regional Project Improvements at the Lincoln WWTRF

Midwestern Placer Regional Sewer Project



# COMPLIANCE DECISION MILESTONES

Month/ Year	Description	Upgrade Cost	Regional Cost
June 2005	CVRWQCB issues SMD 1 WWTP NPDES Permit and Cease & Desist Order (CDO); SMD 1 WWTP does not comply with requirements		
Oct 2007	<b>Upgrade:</b> Preliminary design report and cost estimate. Upgrade was determined feasible; Estimated cost to upgrade further to buildout (4.2MGD) ~ \$15M	\$87M	
June 2008	BOS Informational Workshop		
	<b>Upgrade:</b> Reiterated Cost including bonding costs	\$87M	
	<b>Regionalize:</b> Cost Estimate/Auburn participation unlikely		\$123M



# COMPLIANCE DECISION MILESTONES, CON'T

Month/ Year	Description	Upgrade Cost	Regional Cost
Jan 2009	BOS Informational Workshop		
	<b>Upgrade:</b> Cost increase; public outreach revealed 75% of customers preferred upgrade	\$88.5M	
	<b>Regionalize:</b> Cost estimate w/out Auburn participation; Directed staff to continue to explore additional grant funding & time extension for compliance with NPDES permit requirements		\$141M
March 2009	BOS Item		
	<b>Upgrade:</b> Award preliminary design, authorize RFP for design and EIR, and approve budget revision	\$87M	



# COMPLIANCE DECISION MILESTONES, CON'T

Month/ Year	Description	Upgrade Cost	Regional Cost
March 2010	PERC presentation to staff and management regarding Design/Build/Operate/Finance concept		
May 2010	BOS Item		
	<b>Upgrade:</b> Design and CM contract awarded to Owen Psomas/SRF Application Filing Approved		
July 2010	PERC submitted Letter of Engagement		
July 2010	BOS Item		
	<b>Regionalize:</b> Award Contract to B&C to update Regional Cost Estimate: \$170,000 contract		



# COMPLIANCE DECISION MILESTONES, CON'T

Month/ Year	Description	Upgrade Cost	Regional Cost
Oct 2010	CVRWQCB issues SMD 1 WWTP NPDES Permit and CDO; SMD 1 WWTP does not comply with requirements		
Nov 2010	BOS Item		
	<b>Upgrade:</b> Authorize staff to finalize design. Cost estimates updated	\$64M	
	<b>Regionalize:</b> MOU with Lincoln for engineering studies and conceptual proposal for Regional Sewer from Lincoln. Cost Estimates Updated		\$92M
Feb 2011	<b>Regionalize:</b> Lincoln proposal received to design, construct, operation and own project		\$71.7M



# OFFER FOR LINCOLN-LED REGIONAL PROJECT

## February 11, 2011



February 10, 2011

Tom Miller, County Executive Officer  
Placer County  
175 Fulweiler Ave.  
Auburn, CA 95603

Robert Richardson, City Manager  
City Manager Office at City Hall  
1225 Lincoln Way, Room 9  
Auburn, CA 95603

Subject: Mid-Western Placer Regional Sewer Project Proposal

Dear Tom and Bob,

On February 8, 2011 the Lincoln City Council authorized submittal of the attached draft agreement as a proposal to Placer County and the City of Auburn. The proposal was put in the form of an agreement so that both the County and Auburn would know that the City of Lincoln is committed to this project and the approach.

We understand that the window of opportunity for the County to consider this proposal is short given the County's intent to advertise the SMD#1 upgrade project for bids in May or June 2012. The City is confident in our ability implement the regional project as proposed in the agreement.

We understand that Placer County compliance with Regional Water Quality Control requirements is putting pressure on the County. Lincoln is prepared to focus its efforts on completion of the conveyance facilities associated with SMD#1 in 2013. Conveyance facilities for Auburn would be built concurrently to minimize costs. Completion of expansion of the Lincoln Wastewater Treatment and Reclamation Facility would follow.

The current very competitive bidding environment is likely to fade over time. A five percent increase in bids resulting from a not so competitive bid environment could add over \$4 million to the cost of the project. The City of Lincoln is prepared to move forward quickly with implementation of the regional project.

City Hall  
600 Sixth Street  
Lincoln, CA 95648  
(916) 434-2400  
[www.ci.lincoln.ca.us](http://www.ci.lincoln.ca.us)

Administrative Services - City Manager's Office - Development Services  
Fire - Library - Recreation - Police - Public Services

As you know, staff of our three agencies have been working closely together on this proposal over the last three months. Despite the tight time frames, the staff of our three agencies have made a lot of progress.

Your agency has at least three options for a response to the attached agreement authorized by the Lincoln City Council: (1) Accept the agreement as submitted, (2) Indicate a desire to pursue the agreement with changes, (3) Reject the proposal.

If the County or Auburn indicate a desire to pursue the agreement with changes, we will work quickly with your staff to consider proposed changes to develop an agreement acceptable to all three agencies.

We respectfully request that the County place this item on the Board of Supervisor's February 22<sup>nd</sup> agenda for consideration. We request that the City of Auburn place the item on the Auburn City Council's February 28<sup>th</sup> agenda for consideration. If these dates are not feasible, please place the item on the earliest possible agenda.

We look forward to working further with you and your staff on this important project that will benefit all three agencies for many years.

Sincerely,

Jim Estep

c: Mark Miller, Public Services Director  
Bruce Burnworth, City Engineer  
Jim Durfee, County Facilities Director, Placer County  
Bernie Schroeder, Public Works Director, City of Auburn  
Orin Bennett, PNWA Executive Director



# COMPLIANCE DECISION MILESTONES, CON'T

Month/ Year	Description	Upgrade Cost	Regional Cost
Feb 2011	BOS Informational Item		
	<b>Upgrade</b> continue		
	<b>Regionalize</b> continue		
Aug 2011	PERC submitted Customized Design Report including construction and operating costs		
Sep 2011	<b>Upgrade:</b> Construction Bids Received Low Bidder: Overaa \$48.3M	\$54M	
Dec 2011	BOS Hearing		



To: **BOARD OF SUPERVISORS**

Date: **DECEMBER 6, 2011**

From: **WASTEWATER MANAGEMENT WORKING GROUP**

Subject: **WASTEWATER MANAGEMENT AND COMPLIANCE DIRECTION**

**ACTION REQUESTED / RECOMMENDATION:** Consider alternatives for compliance with Regional Water Quality Control Board regulatory requirements for Sewer Maintenance District 1 (SMD 1), which serves North Auburn, Christian Valley, Bowman and Applegate, and provide direction to staff to:

1. Direct staff to proceed with a regional solution for SMD 1 compliance and return to the Board no later than March 13, 2012 with recommendations for a final Board decision; or
2. Direct staff to return to your Board on December 13, 2011 with a request to award the SMD 1 Wastewater Treatment Plant Upgrade and Expansion Project 04835 to the lowest responsive bidder.
3. Provide other direction as the Board deems appropriate.



# COMPLIANCE DECISION MILESTONES, CON'T

Month/ Year	Description	Upgrade Cost	Regional Cost
Jan 2012	BOS Informational Item - Update on both Upgrade and Regional		
Feb 2012	BOS Informational Item - Update on both Upgrade and Regional		
Feb 2012	<b>Regionalize:</b> Lincoln offer updated		\$73M
Feb 2012	<b>Upgrade:</b> SRF issued Facility Plan Approval for Upgrade Project that included \$6 million in Principal Forgiveness (PF) and 2.2% interest rate		
March 2012	BOS Hearing		



# COMPLIANCE PROJECT COST COMPARISON

## AS PRESENTED IN MAR 2012

	Upgrade Project					Regional Project	
	County-led Design	PERC Water				Auburn In	Auburn Out
	2.7 MGD SRF	2.1 MGD SRF	2.1 MGD Tax-Exempt	2.7 MGD SRF	2.7 MGD Tax-Exempt	1.7 MGD SRF	1.7 MGD SRF
SMD 1 Capital Cost Moving Forward	\$58,600,000	\$58,710,000		\$61,170,000		\$66,010,000	\$73,000,000
Sewer Service Charges	\$73.03	\$76.66	\$78.32	\$72.24	\$76.87	\$82.24	\$87.99
Connection Fees	\$11,152	\$4,377	\$5,349	\$8,619	\$11,592	\$10,426	\$10,501



To: **BOARD OF SUPERVISORS**

Date: **MARCH 13, 2012**

From: **JAMES DURFEE**

Subject: **SEWER MAINTENANCE DISTRICT 1 WASTEWATER TREATMENT PLANT COMPLIANCE DECISION**

**ACTION REQUESTED / RECOMMENDATION:** Staff recommends your Board take one of the following actions related to selecting a compliance alternative for the Sewer Maintenance District 1 (SMD 1) Wastewater Treatment Plant (Plant 1):

1. Accept the City of Lincoln's offer to complete the Mid-Western Placer Regional Sewer Project, and direct staff to negotiate the necessary agreements between the City of Lincoln and potentially the City of Auburn for design and environmental review of the project.
2. Adopt the attached Resolution awarding the bid for the Plant 1 Upgrade and Expansion Project, Project 04835 to C. Overaa & Co. in the amount of \$48,300,000, and authorizing the Director of Facility Services to execute a contract and any required change orders (up to \$3,900,000) consistent with the County Purchasing Manual and Section 20142 of the Public Contract Code, upon County Counsel's review and approval of required bonds and insurance.
3. Direct staff to negotiate an agreement with PERC Water Corporation (PERC) for a design/build, design/build/operate or design/build/operate/finance alternative for an upgrade and expansion of Plant 1.
4. Pursue regionalization of Plant 1 as a County-led project, and direct staff to begin design and environmental review.
5. Provide other direction that your Board deems appropriate.





# QUESTIONS?



# LINCOLN-LED REGIONAL MILESTONES

- **May 2013** - CVRWQCB Amended 2010 CDO to require full compliance with Effluent Limitations by September 1, 2015
- **September 2013** - Construction bids received
- **August 2012** - Deal Points Approved by BOS
  - Total Project Cost for Lincoln led Project - \$73.2M
  - Construction completed and start up by September 2015
  - Oversizing Payment of \$7M pledged as additional contingency
  - Lincoln to own, operate and maintain improvements in SMD 1 for first 5 years
  - Treatment plant component of sewer service charge same of all users of the treatment plant
- **May 2013** – Lincoln City Council certified the EIR and adopted the MMRP
- **August 2013** – BOS approved the EIR and adopted the MMRP



# LINCOLN-LED REGIONAL OFFER / BID COMPARISON

## Capital Charge Breakdown

	<u>Lincoln Offer</u> <u>2/28/2012</u>	<u>Construction Bids</u> <u>9/10/2013</u>
<b>Construction Cost</b>		
Construction	51,500,111	39,564,063
Inflation Allowance (2%)	1,020,000	1,020,000
Capital Contingency	<u>3,205,498</u>	<u>9,850,249</u>
<b>Subtotal – Construction Costs</b>	55,725,609	50,434,312
<b>Design/Environ/Const Mgmt</b>	10,388,566	15,698,350
<b>Oversizing Contingency</b>	<u>7,070,338</u>	<u>7,070,338</u>
<b>Capital Charge</b>	73,203,000	73,203,000



# COJA – CAPITAL CHARGE

- \$73,203,000 Capital Charge – provides for design, environmental review, permitting and construction of Regional Project
- Estimated construction and construction management costs will be adjusted for inflation to the mid-point of construction (July 2014)
- Includes \$9,850,249 total project contingency and
- \$7,070,338 capacity purchase for already upsized components as additional contingency
- At the end of construction any unspent portion of the Capital Charge will be paid to Lincoln as an Oversizing Payment (capped at \$17.8M)
- County processed and paid construction contractors directly using the Paying Agent Process



# COJA – CAPITAL CHARGE DETAIL

Cost Categories	Exhibit 5 – Original Budget
DERA Costs	\$6,548,350
Project Management/Administration	\$500,000
Construction Work (Direct)	\$39,564,063
Construction Management	\$5,800,000
Engineering Services During Construction	\$2,500,000
Mitigations and Mitigation Monitoring	\$250,000
Inspection/Testing	\$100,000
Capital Contingency	\$9,850,249
Oversizing Contingency	\$7,070,338
Inflation Allowance	\$1,020,000
Repavement Area	\$-
<b>Total Capital Charge</b>	<b>\$73,203,000</b>



# COJA – OPERATIONS CHARGE

- \$24/EDU/mo – provides for treatment of wastewater and maintenance & operation of the Pump Station and Regional Pipeline
- Adjusted annually for inflation based on costs at similar facilities
- Funded through the existing SMD 1 Sewer Service Charge of \$95.78/EDU/mo



# COJA - REPAIR & REHABILITATION

- Each jurisdiction is responsible for funding its proportional share of future R&R projects
- Lincoln is responsible for the R&R obligation from the opening of their treatment plant to completion of the Regional Project
- SMD 1's current Sewer Service Charge provides adequate funding for the County's R&R obligation.



# COJA PROVISIONS – RISK MANAGEMENT

- Includes provisions addressing project cost and schedule risks
- Requires Lincoln to comply with County-identified insurance requirements
- Requires Lincoln to pass-through insurance requirements to its contractors
- Contains detailed indemnity, default and remedy provisions



# COJA – GOVERNANCE

- Each party's Authorized Representative will make day-to-day decisions under the COJA. County and City will work together through a Project Coordination Team (PCT) during construction
- Lincoln will operate the Regional Project during the first 5 years after completion
- After initial 5-year period, Lincoln will continue to operate the Regional Project, subject to oversight by an Oversight Committee comprised of two members of each Party's Board or Council



To: **BOARD OF SUPERVISORS**

Date: **OCTOBER 8, 2013**

From: **MARY DIETRICH / BILL ZIMMERMAN**

Subject: **MID-WESTERN PLACER REGIONAL SEWER PROJECT – CONSTRUCTION, OPERATIONS AND JOINT EXERCISE OF POWERS AGREEMENT**

**ACTION REQUESTED / RECOMMENDATION:**

1. Adopt a Resolution approving the Construction, Operations and Joint Exercise of Powers Agreement (COJA) with the City of Lincoln (Lincoln) for the Mid-Western Placer Regional Sewer Project (Regional Project) for a Capital Charge of \$73,203,000, to be adjusted for inflation pursuant to the terms of the COJA, funded through Sewer Maintenance District 1 (SMD 1) fees at no net County cost.
2. Approve the First Amendment to the Design and Environmental Review Agreement (DERA) re-allocating \$481,350 of the Capital Charge into the DERA to fund easement acquisition costs with no increase to the Capital Charge and at no net County cost.
3. Approve a Budget Revision in the amount of \$40,000,000 to increase the FY 2013-14 SMD 1 Regional Sewer Capital Project Budget from \$9,511,944 to \$49,511,944, funded through a combination of SMD 1 reserves and a Clean Water State Revolving Fund (SRF) financing agreement repaid through SMD 1 fees at no net County cost.



# SRF LOAN TERMS

- Principal Forgiveness – SRF agreed to let the County transfer the \$6 million to the Regional Project
- Interest Rate – 2.1%
- Term – 30 Years, through March 2047
- One Year's Debt Service in Restricted Reserve
- Amount Approved: \$76,364,000



# SEWER SERVICE CHARGE BREAKDOWN

## 2013 INCREASE

### 2013 Sewer Service Charge

Collection System Operations	\$29.40
Collection System Repair & Rehab	\$ 6.65
Treatment Plant Operations	\$30.24
Treatment Plant Repair & Rehab	\$ 1.55
Reserves for Compliance Project	<u>\$14.16</u>
	\$82.00

### Current Sewer Service Charge

Collection System Operations	\$29.40
Collection System Repair & Rehab	\$ 6.65
Regional Project Operations	\$25.98
Regional Project Repair & Rehab	\$ 4.50
Regional Project Debt Service Payment	<u>\$29.25</u>
	\$95.78



# SEWER SERVICE CHARGE COMPARISON

## MAY 2013

South Placer Municipal Utility District (Rocklin, Loomis)	\$ 28.00
City of Roseville	\$ 29.85
City of Lincoln	\$ 32.08
Placer County – Dry Creek CSA (Morgan Creek)	\$ 38.64
Placer County – SMD 2 (Granite Bay)	\$ 48.12
City of Auburn	\$ 60.50
<b>Placer County - SMD 1 &amp; Applegate</b>	<b>\$ 82.00</b>
Penn Valley (Nevada County)	\$ 82.92
Placer County – Sheridan CSA	\$ 89.12
<b>Placer County – SMD 1 &amp; Applegate (Proposed)</b>	<b>\$ 95.78</b>
Lake of the Pines (Nevada County)	\$ 98.75
City of Colfax	\$108.66
Placer County - SMD 3 (Horseshoe Bar)	\$111.72
Placerville (El Dorado County)	\$149.64
Serene Lakes	\$168.47
Cascade Shores (Nevada County)	\$203.75



To: **BOARD OF SUPERVISORS**

Date: **MAY 7, 2013**

From: **JAMES DURFEE / BILL ZIMMERMAN**

Subject: **SEWER MAINTENANCE DISTRICT 1 & APPLGATE SEWER MAINTENANCE AND OPERATIONS FEE INCREASE**

**ACTION REQUESTED / RECOMMENDATION:**

1. Conduct a Public Hearing to receive comments and consider protests regarding increasing the monthly maintenance and operation (M&O) fee in Sewer Maintenance District 1 (SMD 1) and County Service Area 28 Zone 24 (Applegate CSA) from \$82.00 to \$95.78 per Equivalent Dwelling Unit (EDU) to finance the Mid-Western Placer Regional Sewer Project (Regional Project).
2. Adopt an Ordinance adjusting M&O fees included in Section 13.12.350 of the Placer County Code.
3. Make a finding pursuant to Section 21080(b)(8) of the Public Resource Code, that the higher fees are derived directly from the cost of providing service and are necessary to meet operating expenses required for maintenance of service and are therefore exempt from environmental review.
4. Direct staff to assess monthly M&O fees of \$95.78 per EDU in SMD 1 and the Applegate CSA in order to finance the Regional Project exclusively through user fees.

**FISCAL IMPACT:** Adoption of the attached Ordinance will increase the monthly M&O fee in SMD 1 and the Applegate CSA from \$82.00 to \$95.78 per EDU. This increase will provide adequate funding for the Regional Project.



# STATE REVOLVING FUND MILESTONES

- **May 2013** - BOS Item - Approve Sewer Service Charge increase to \$95.78/EDU/mo
- **September 2013** – SRF extended deadline to retain Principal Forgiveness (PF) to December 2013
- **November 2013** - Loan Agreement with SRF executed
  - Retained \$6 million in PF and obtained a 2.1% interest rate
- **March 2014** - First Amendment to Agreement
- **March 2016** – Second Amendment to Agreement
  - Interest Rate – 2.1%
  - Term – 30 Years – through March 2047
  - Amount Approved: \$76,364,000
  - Principal Forgiveness - \$6 million
  - Total Loan Amount - \$71,047,254
  - Annual Payments - \$3,291,018



# CITY OF AUBURN – FUNDING AGREEMENT

- Lincoln included a bid alternative to provide 5.2 MGD in reserve capacity for Auburn in the Regional Pipeline
- Agreement terms:
  - Auburn to pay to the County \$2.14M for construction of their portion of the joint regional sewer (incremental cost)
  - Auburn to repay to County \$0.2M in previously expended design and environmental costs
  - Auburn to pay 23.75% of the cost of Change Orders associated with the joint regional sewer
  - Auburn agrees to pay to the County the remaining portion of the flow based proportional cost of the Regional Pipeline
  - Agreement does not reserve or specify the terms of Auburn obtaining treatment capacity at the Lincoln WWTRF



# CITY OF AUBURN MILESTONES

- **March 2013** - BOS Item - Direction regarding City of Auburn Participation; Decline Auburn deal points, do not respond with counteroffer for \$7M, but ask them to participate in oversizing
- **October 2013** - Auburn approved a Resolution stating their intent to participate in the regional project subject to further negotiations
- **November 2013** - Funding Agreement Executed with Auburn; Auburn to pay County \$2.14M for Upsizing Regional Pipeline downstream of future Auburn Connection and \$0.2M to reimburse County for DERA costs
- **February 2014** - Auburn reimbursed County \$0.2M for DERA costs
- **July 2017** – Auburn made final payment to County for construction cost in the total amount of \$2.7M due to construction change orders



# LINCOLN-LED REGIONAL AGREEMENTS

- **May 2012** – Advance Payment Agreement - \$1M to fund initial design and environmental analysis work
- **August 2012** – Design and Environmental Agreement (DERA) - \$6M for design and environmental review
- **October 2013** – First Amendment to DERA - Increase by \$0.48M for easement acquisitions
- **October 2013** - Construction, Operation and Joint Exercise of Powers Agreement (COJA)
- **November 2013** – Funding Agreement Relative to MWPRSP with Auburn for \$24M



# LINCOLN-LED REGIONAL AGREEMENTS, CON'T

- **November 2013** – Installment Payment Agreement – SRF Loan \$76.3M
- **May 2014** - First Amendment to the SRF Agreement - Extended date of award of construction contract from 12/30/2013 to 1/17/2014
- **August 2015** – First Amendment to the COJA – Increased Total Capital Charge to \$77.8M
- **May 2016** - Second Amendment to the SRF Agreement – Extended Completion of Construction Date from 3/31/2016 to 3/31/2017



# LINCOLN-LED REGIONAL MILESTONES, CON'T

- **January 2014** - Notice to Proceed to Start Construction
- **July 2014** - Inflation Adjustment of \$3.5M applied
- **January 2015** – WWTRF Upgrades Completed
- **April 2015** - CVRWQCB amends 2010 Discharge Permit and issues Time Schedule Order (TSO) requiring compliance by 12/31/15
- **October 2015** – CVRWQCB Extends TSO to 9/1/16
- **January 2016** – Pipeline Completed
- **May 2016** - Begin Initial Operations Period; 5-year term ending 5/21
- **August 2016** – SMD 1 Site Improvements Completed
- **October 2016** – SMD 1 Permit Rescinded
- **March 2017** - Certification of Project Final Completion



# POST-CONSTRUCTION CAPITAL CHARGE DETAIL

Cost Categories	Exhibit 5 – Original Budget	Exhibit 5-1 Amended Budget	Final Budget
DERA Costs	\$6,548,350	\$6,548,350	\$6,544,122
Project Management/Administration	\$500,000	\$1,750,000	\$2,267,569
Construction Work (Direct)	\$39,564,063	\$41,630,793	\$52,400,858
Construction Management	\$5,800,000	\$7,332,000	\$8,093,208
Engineering Services During Construction	\$2,500,000	\$2,138,000	\$2,292,093
Mitigations and Mitigation Monitoring	\$250,000	\$797,522	\$797,461
Inspection/Testing	\$100,000	\$200,000	\$216,181
Capital Contingency	\$9,850,249	\$9,844,111	\$-
Oversizing Contingency	\$7,070,338	\$7,070,338	<b>\$4,699,622</b>
Inflation Allowance	\$1,020,000	\$-	\$-
Repavement Area	\$-	\$497,286	\$497,286
<b>Total Capital Charge</b>	<b>\$73,203,000</b>	<b>\$77,808,400</b>	<b>\$77,808,400</b>



# FINAL OVERSIZING PAYMENT BREAKDOWN

Final Budget Balance	\$77,808,400
Payments to Date	\$73,089,489
Outstanding Balance	<u>\$19,289</u>
Subtotal Capacity Purchase (Oversizing)	\$4,699,622.00

## Non-Capital Cost Adjustments

Fines <sup>2</sup>	\$18,000
Net Operating Costs <sup>3</sup>	\$322,495
Dewatering Costs as Agreed <sup>4</sup>	\$(42,480)
Interest <sup>5</sup>	0
Water Board Permit Fee <sup>6</sup>	<u>\$2,080</u>
Total Known Non-Capital Cost Adjustments	\$300,095
Capacity Purchase to Lincoln (Oversizing)	<u>\$4,399,527</u>



# PRE-PURCHASE OF ADDITIONAL CAPACITY

- **May 2014** - County notified Lincoln in writing of their intent to exercise the option to purchase the 0.4 MGD
  - **Section 5.3.13(a)** of the COJA stated that for one year after Treatment Substantial Completion the County would have the option to purchase an additional 0.4 MGD of capacity at the regional facilities upon payment of the Oversizing Connection Fee and the Regional Sewer Treatment Connection Fee
- **May 2016** - Lincoln notified the County that Treatment Substantial Completion had been achieved
- **September 2016** - True up for additional capacity added to SMD 1 during pendency of project completion - \$0.635M for 109 EDUs
- **May 2017** - County forwarded to Lincoln \$6.5M for treatment capacity and \$0.417M for trunkline oversizing as payment for 0.4 MGD of reserved treatment capacity





# QUESTIONS?



# OVERSIGHT COMMITTEE

- Oversight Committee required by COJA by May 23, 2021
  - *"Oversight of the operations of the Regional Facilities and the activities of the PCT and Authorized Representatives. The Oversight Committee will receive the reports described in Section 5.1.4, be briefed on Regional Facilities operations and needs by the staff of Lincoln and the County at their regular meetings, consider any Major Decisions proposed by either Party, and provide such recommendations and advice regarding Major Decisions as they deem appropriate to their respective board or council."*



# OVERSIGHT COMMITTEE

- Starting May 23, 2021 Major Decisions are required to be presented to the Oversight Committee with ultimate approval by full City Council and Board of Supervisors
- COJA defines Major Decisions as:
  - Approving the participation of other public entities in the Regional Project
  - Changing the Operations Charge, other than the indexing included in the COJA
  - Approving an R&R Project if it is not included in the R&R Study attached to the COJA, it will exceed the cost in the R&R Study, or is needed earlier than indicated in the R&R Study
  - Approving joint debt financing of any R&R Project, Expansion Project or capital project needed due to a Regulatory Change



# CURRENT STATUS

- 7 Issues Being Discussed
  - Future Operation Rates
  - Existing Treatment Capacity
  - Pre-purchased Treatment Capacity
  - Future Treatment Capacity
  - Historical Operational Costs/Payments
  - Governance
  - Reporting



# STAFF APPROACH IN CURRENT DISCUSSIONS

- Resolve all issues in a comprehensive manner
- Sustainable funding structure
- Collections and treatment expenses, revenue and reserves should be accounted for separately
- All entities pay proportional share of costs moving forward
- There should be no distinction between a City EDU and a County EDU for treatment
- Pre-purchased treatment capacity needs to be made whole





# QUESTIONS?



# ACTION REQUESTED

2. Appoint two members of the Board of Supervisors to represent Placer County to the Oversight Committee as specified in Section 5.4.1 of the Construction, Operations and Joint Exercise of Powers Agreement.





**END OF PRESENTATION**